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IN THE

Supreme Court of the United States

OCTOBER TERM, 1947

No. 318

MISHAWAKA RUBBER AND WOOLEN MANUFACTURING COMPANY,
Petitioner,

vs.

S. S. KRESGE COMPANY,
Respondent

BRIEF OF RESPONDENT

RESPONDENT'S STATEMENT OF THE CASE

Petitioner's statement of facts is incomplete and could lead to an inaccurate conclusion. Respondent declines to accept the statement. See Paragraph 4 Rule 27, Revised Rules of the Supreme Court.

The S. S. Kresge Company does not manufacture the heels it sells. The replacement heels involved in this case were purchased at wholesale by the Kresge Company from three (3) independent manufacturers—O'Sullivan Rubber Company, Inc., of New York City and Gettysburg, Pennsylvania, Essex Rubber Company of Trenton, New Jersey, and Boston Woven Hose and Rubber Company of Boston, Massachusetts (Short R. 16-17).

In its statement of facts entitled *Factual Background*, petitioner has relied largely upon the original findings of fact filed by the District Court under date of December 6, 1938 (Short R. 120). These findings of fact must be read in the light of subsequent Amended Findings of Fact filed October 5, 1939, at page 124, and Additional Amended Findings of Fact filed November 27, 1939, beginning on page 126 (Short R. 124-126). Petitioner has omitted any reference to the Additional Amended Findings of Fact which obviously are an important part of the Factual Background.

The District Court found and the Circuit Court of Appeals affirmed the finding of the following facts:

> "(a) There is no direct testimony that the defendant, S. S. Kresge Company, its agents and employees, did and there is testimony that they did not attempt to palm off in any instance its heels as the heels manufactured by the plaintiff company.
>
> (b) I find that there is no proof that any purchases of heels from the defendant, S. S. Kresge Company, was (fol. 302) motivated by a belief on the part of the purchaser that he was getting plaintiff's product but there is reasonable likelihood that some may have.
>
> (c) There is no direct proof that the plaintiff, Mishawaka Rubber Company has lost sales as a result of purchases made from the defendant, S. S.

Kresge Company, of either the Crusader heel or the Sure-Foot heel with the trade-mark in the color red.

(d) That the replacement heels offered for sale by the defendant, S. S. Kresge Company, when placed by them upon their counters were never indiscriminately displayed together but were customarily and usually arranged in such a manner as to display a variety of the colored inserts to the prospective purchaser and without emphasizing any colored insert over any other colored insert, and in each instance segregating and massing particular colors together in order to provide an attractive display of the articles but there is proof that subsequently some of these heels became indiscriminately mixed.

(e) That nearly all of the rubber heels which were on display in the S. S. Kresge Company stores covered by plaintiff's affidavits have borne in addition to the colored marks identifying trade marks, symbols or other indicia which further indicates that the heels being offered for sale by the S. S. Kresge Company were not the heels manufactured by the plaintiff.

(h) to add to paragraph 9 of page 3, the following:

There is, however, in the record no direct proof of any ordinary purchaser being misled into believing that heels marketed by the defendant were products of the plaintiff company." (Short R. 128, a, b, c; Short R. 129, d, e, and h.)

Only the "heels bearing an ornamental dress consisting of any red or reddish circular ball figure appearing on the face portion of the heel" were held to infringe and the sale thereof enjoined. All other heels bearing marks of all other colors including orange were found not to infringe by the District Court (Short R. 131) which was affirmed by the Circuit Court of Appeals (Short R.

153). 119 F. (2nd) 316. This Court accepted "the infringement found by the two lower courts" and brought the case here "solely to review the provisions of the decree dealing with the measure of profits and damages" (Acct. R. 2). 316 U. S. 203, 204, 62 S. Ct. Rep. 1022, 1023.

The finding of infringement of only the "Red Crusader" or "Red Sure-Foot" heels exemplified by petitioners Exhibits 79 and 54 was re-affirmed by the District Court in the accounting proceedings (Acct. R. 119) and again affirmed on the second appeal by the Circuit Court of Appeals in its judgment of May 12, 1947 (Acct. R. 144). Therefore, it may now be concluded that the only unlawful actions of defendant (Kresge) were its sales of "Red Crusader" and "Red Sure-Foot" heels, exemplified by plaintiff's Exhibit 79 and 54, respectively (Acct. R. 119).

Immediately following the District Court's judgment on the accounting filed September 28, 1946, in the amount of Six Thousand Nine Hundred Sixty and 28/100 ($6,960.28) Dollars (Acct. R. 141) respondent paid the judgment to the Clerk of the Court. By its second appeal, petitioner has further prolonged this litigation commenced November 28, 1934 (Short R. 1).

SUMMARY OF ARGUMENT

In the interests of brevity we adopt as our summary the concise summary index, page i of this brief.

ARGUMENT

POINT I

BOTH THE DISTRICT COURT AND THE SIXTH CIRCUIT COURT OF APPEALS DECLINED TO AWARD LITIGATION EXPENSES, ATTORNEYS' FEES AND COSTS IN THIS CASE BECAUSE EACH PARTY PREVAILED ON CERTAIN ISSUES AND NEITHER PARTY PREVAILED ON ALL ISSUES

On page 10 of its petition under Point I, petitioner quotes paragraph 11 from the original findings of the District Court filed December 6, 1938 (Short R. 122) in an effort to show damage to its goodwill. It overlooks and fails to disclose to this Court that paragraph 11 must be read in the light of the District Court's Additional Amended Findings of Fact subsequently filed on November 27, 1939, a month before its decree was entered on December 29, 1939. Paragraphs c, e and h of the Additional Amended Findings read as follows:

> "(c) There is no direct proof that the plaintiff, Mishawaka Rubber Company has lost sales as the result of purchases made from the defendant, S. S. Kresge Company, of either the Crusader heel or the Sure-Foot heel with the trade-mark in the color red.
>
> (e) That nearly all of the rubber heels which were on display in the S. S. Kresge Company stores covered by plaintiff's affidavits have borne in addition to the colored marks identifying trade-marks, symbols or other indicia which further indicates that the heels being offered for sale by the S. S. Kresge Company were not the heels manufactured by the plaintiff.
>
> (h) To add to paragraph 9 of page 3, the following:

> There is, however, in the record no direct proof of any ordinary purchaser being misled into believing that heels marketed by the defendant were products of the plaintiff company." (Short R. page 128, c; and page 129, e and h.)

The *tendency* to destroy petitioner's goodwill found by the District Court in the quoted paragraph 11 justified the injunctive relief granted (Short R. 131) but it did not result in any actual damage as indicated by the amended findings quoted above. Furthermore "The finding of the District Court as affirmed by Circuit Court of Appeals," was to the effect "that the only unlawful actions of defendant (S. S. Kresge Co.) were its sales of 'Red Crusader' and 'Red Surefoot' heels exemplified by plaintiff's Exhibits 79 and 54, respectively" (Acct. R. 119).

During the accounting proceedings, petitioner offered no proof of decreased sales or other damage to its good will, therefore the District Court found (Acct. R. 121):

> "10. There were no damages suffered by plaintiff from trade-mark infringement or unfair competition beyond the loss of profits specified in finding 6."

Paragraph 11 is fully discussed by the District Court in its colloquy with Petitioner's counsel during the accounting proceedings (Acct. R. 40, 1, 2) and as there indicated no Court anywhere has found "that Mishawaka ever suffered any damages in connection with this" infringement.

> "9. Defendant's infringement was neither deliberately wilful nor in bad faith. The harshest characterization that can be placed on defendant's actions prior to this suit is that it regarded plaintiff's claim of infringement as lacking in merit, al-

though upon plaintiff's notice of claimed infringement in May, 1933, defendant offered for the sake of business amity to notify its supplier to use a color unlike red on the heel it was then selling, the Essex 'Red Crusader' heel, exemplified by plaintiff's Exhibit 79. Defendant so instructed its supplier of those heels, and within a month shipment of 'Red Crusader' heels to defendant ceased. Plaintiff next complained in February, 1934, that other heels sold by defendant infringed its trade mark. Plaintiff instituted this action in November, 1934. Defendant contested in good faith all claims of infringement and unfair competition charged herein, its defense was sustained in part, and its defense on the limited relief granted to plaintiff was reasonably debatable" (Acct. R. 121).

In connection with the allowance of attorneys fees, District Judge Lederle made the following findings (Acct. R. 123):

"5. In a trade mark and unfair competition case, where, as here, defendant's infringement was neither deliberately wilful nor in bad faith, and it contested in good faith and reasonably all claims of unlawful action, upon which its defense was sustained in part, and the trade mark owner suffered no damages beyond loss of profits, there is no basis for a punitive or exemplary award beyond loss of profits.

6 In a trade mark and unfair competition case where, as here, plaintiff claims in the trial court, in the Circuit Court of Appeals, on application for certiorari and during the subsequent accounting that it is entitled to relief as to six types of heels sold by defendant, all of which defendant defends reasonably and in good faith, and relief limited to two types of heels only is granted to plaintiff throughout, sustaining in part each party's contentions, neither party should be required to bear the burden

of the other's litigation expenses, attorney fees or costs.

8. (b) That no litigation expenses, attorney fees or costs be awarded to either party, and that each party shall bear its own litigation expenses, attorney fees and costs."

A.

LITIGATION EXPENSES AND ATTORNEYS' FEES ARE NOT APPROPRIATE ELEMENTS OF DAMAGE AND ARE ONLY AWARDED IN EXCEPTIONAL CASES AND FOR DOMINATING REASONS OF JUSTICE

As indicated above, the District Court found (Acct. R. 121):

> "9. Defendant's infringement was neither deliberately wilful nor in bad faith. * * * Defendant contested in good faith all claims of infringement and unfair competition charged herein, its defense was sustained in part, and its defense on the limited relief granted to plaintiff was reasonably debatable."

The Circuit Court of Appeals found, 119 F. (2nd) 316, 324.

> "There is no finding of fact in the case at bar, and we find no evidence in the record to support the inference that appellee adopted the symbol used on its heels for the fraudulent purpose of attracting to itself business or sales which belonged to appellant and there is no evidence that any such sales occurred. * * * No justification is found in the record for an inference that any one appears to have been deceived by appellee's trade-mark into purchasing its shoe heels and lifts in the belief that he was purchasing shoe heels produced by appellant."

In the dissenting opinion of Mr. Justice Black in 316 U. S. 203 at page 208, it is said:

> "In any event, the economic rivalry, if it existed at all, was so remote and indirect that an injunction alone would seem to have afforded ample relief against the infringement, found by both courts below to have been without fraudulent intent. * * *
>
> If the respondent had wilfully palmed off the heels it sold as products of the petitioner, and if it had been shown that the petitioner suffered any injury, I should agree to a decision resolving doubts about the measure of damages in favor of the petitioner."

We understand the law, as previously enunciated by this Court, to be that litigation expenses and attorneys fees of the plaintiff are not appropriately an element of his damage.

As early as 1796 this Court in the case of *Arcambel v. Wiseman,* 3 Dallas 306, declined to include counsel fees as an element of damages.

In 1851 in the early case of *Day v. Woodworth,* 54 U. S. 363, this question was raised and exhaustively considered in an opinion by Mr. Justice Grier wherein it was held that attorneys fees and litigation expenses cannot be considered by the jury as an element of damage and an instruction to that effect by the trial court was affirmed. We quote in part from the opinion (371):

> "It is true that damages, assessed by way of example, may thus indirectly compensate the plaintiff for money expended in counsel fees; but the amount of these fees cannot be taken as the measure of punishment or a necessary element in its infliction. * * *

The Court then exhaustively discusses the history of the principle here under consideration.

> "The only instance where this power of increasing the 'actual damages' is given by statute is in the patent laws of the United States. But there it is given to the court and not to the jury. The jury must find the 'actual damages' incurred by the plaintiff at the time his suit was brought; and if, in the opinion of the court, the defendant has not acted in good faith, or has been stubbornly litigious, or has caused unnecessary expense and trouble to the plaintiff, the court may increase the amount of the verdict, to the extent of trebling it. But this penalty cannot, and ought not, to be twice inflicted; first at the discretion of the jury, and again at the discretion of the court. The expenses of the defendant over and above taxed costs are usually as great as those of plaintiff; and yet neither court nor jury can compensate him if the verdict and judgment be in his favor, or amerce the plaintiff *pro falso clamore* beyond tax costs."

In the case at bar the inequity of awarding petitioner part or all of its litigation expenses is manifest. As indicated by Conclusion of Law number 6, (Acct. R. 123), petitioner has prevailed on only two issues; respondent has prevailed on four. If either litigant should have its litigation expenses it should be respondent since it has prevailed on more issues.

The same question of including counsel fees as an element of damage was carefully considered in 1872 in the case of *Oelrichs v. Spain,* 15 Wall. 211 at page 230 and 231 where *Day v. Woodworth, supra,* was cited and quoted from. The opinion carefully reviews earlier authorities, discuses the "danger of abuse," the difficulty of ascertaining the proper amount and concludes by saying:

> (231) "We think the principle of disallowance rests on a solid foundation, and that the opposite rule is forbidden by the analogies of the law and sound public policy."

This Court has declined to award litigation expenses in a patent infringement case even though the decree provided for "such damages, if any, in addition to profits as he sustained by reason of said infringement."

In *Parks v. Booth,* 102 U. S. 96, (1880), the plaintiff sued the defendant for infringement and accounting of profits and damages for infringing upon invented new and useful improvement in grain separators. It is said:

> (96) "The court rendered a decree May 9, 1874, adjudging that the letters were valid, that the defendants had infringed them, and that the complainant recover the profits, gains, and advantages which the defendants received, or which accrued to them since November 29, 1864, by the manufacture, use and sale of the improvements described and secured by the re-issued letters, *and also such damages, if any, in addition to profits as he sustained by reason of said infringement.* (Italics ours.) The case was referred to a Master to ascertain the damages and profits, who filed this report, November 24, 1875, awarding to the complainant, on account of profits, $9,944.09; *and as damages, being expenses of conducting the suit, $627.20;* (italics ours) and compensation for the complainant's time, $420; making in all $10,991.29."

The finding of infringement was sustained and on page 106 this Court said:

> "Expenses to the amount of $627.20, *including counsel fees,* were allowed to the complainant beyond the taxable costs, which, together with the entire interest allowed, must be deducted from the decree."

The basic jurisdiction of the District Court to allow litigation expenses and attorneys fees is recognized and discussed in *Sprague v. Ticonic National Bank,* 307 U. S. 161 (1939), where it is said on page 166:

> "Plainly the foundation for this historic practice of granting reimbursement for the costs of litigation other than the conventional taxable costs is part of the original authority of the chancellor to do equity in a particular situation."

and on page 167:

> "In any event such allowances are appropriate only in exceptional cases and for dominating reasons of justice."

This court further recognized that the "fairness of making an award, or the extent of such award as between solicitor and client" must be considered by the District Court (page 170) " 'in the light of the appropriate equitable considerations.' "

It is manifest from *Universal Oil Products Co. v. Root Refining Co.*, 328 U. S. 575, that the awarding of attorneys fees should be sparingly exercised.

In the trade-mark case of *Gold Dust Corporation v. Hoffenberg*, 87 F. (2nd) 451, the Second Circuit Court of Appeals, in connection with the allowance of counsel fees and litigation expenses said:

> (453) "Both in federal and state courts it is established in actions at law and almost uniformly settled in equity cases that counsel fees may not be recovered. * * *
>
> "Aside from any question of power, therefore, we are committed to the settled equity practice outlined above that counsel fees will not usually be allowed against an unsuccessful litigant.
>
> "The decree will be modified by striking out the allowance of attorney's fees, and, as modified, affirmed."

The Sixth Circuit Court of Appeals has in an appropriate case awarded attorneys fees but only where there was a finding of wilful and malicious conduct. In *K. W. Ignition Company v. Temco Electric Motor Company*, C. C. A. 6, 283 Fed. 873, there was a finding of

> "wilful and malicious conduct of the defendants" (874).

Other findings of deliberate and wilful fraud were made on page 875 of the opinion. But such are not the facts of this case as we have indicated above.

From the foregoing we submit that it must be concluded that no new and novel question of law of general importance has been raised. In fact, the principle that attorneys fees are not an appropriate element of damage but are at the discretion of the Chancellor, has been settled in this Court one hundred fifty years.

B.

THERE IS NO CONFLICT BETWEEN THE SIXTH AND SEVENTH CIRCUIT COURTS OF APPEAL ON THE QUESTION OF AWARDING ATTORNEYS' FEES AND LITIGATION EXPENSES

Petitioner relies upon an asserted conflict between the Seventh Circuit Court of Appeals in *Aladdin Manufacturing Company v. Mantle Lamp Co.* (C. C. A. 7), 116 F. (2nd) 708, and our case at bar. We submit that there can be no conflict in the law when the facts in the two cases are diametrically opposite.

In the present case, as we have indicated, respondent's (S. S. Kresge Company) infringement was neither deliberately wilful nor in bad faith. It contested in good faith and reasonably all claims of unlawful action and was sustained in part and lost in part (Short R. 123).

Yet in the Aladdin case relied upon by petitioner to establish its claimed conflict, the Seventh Circuit Court of Appeals found:

> (716) "By its wilful, wanton and intentional infringement and unfair competition defendant was stamped a deliberate tort feasor."

The Sixth Circuit Court of Appeals under circumstances and findings of fact similar to those in the Aladdin case have likewise awarded litigation expenses.

In *K. W. Ignition Company v. Temco Electric Motor Company,* C. C. A. 6, 283 Federal 873, there was a finding of

> "wilful and malicious conduct of the defendants" (874).

Further acts of fraud are detailed on page 875 justifying the award of "plaintiff's expenses of a protracted litigation" (881).

In the Aladdin case, *supra,* the Master found fraudulent and wilful infringement of a very serious nature and recommended "punitive damages, consisting of costs of litigation." The Seventh Circuit sustained the Master's recommendation (p. 717).

From the foregoing cases it is manifest that the Seventh and Sixth Circuit Courts are in harmony. Each has awarded litigation expenses predicated upon a finding of wilful and wanton infringement. But the findings of fact in our case are to the contrary.

In *Enterprise Manufacturing Company v. Shakespeare Company,* C. C. A. 6, 141 F. (2nd), 916 at page 920, the Sixth Circuit said

> "(9-11) To question the validity of a patent does not, of itself, constitute wilful infringement. *Gen-*

> *eral Motors Corporation v. Dailey,* 6 Cir., 93 F. 2d. 938, 942. If honestly mistaken as to a reasonably debatable question of validity, an infringer should not be made to smart in punitive damages. • • • A court of equity, exercising patent jurisdiction, does not readily infer wrong motivation upon the part of those resisting the validity of patent claims. Patentees generally entertain suspicion that those who challenge their claims are deliberate malefactors. However *bona fide,* such suspicions produce no legal effect, unless sustained by evidence substantiating suspicion as truth."

We think it may be concluded fairly from the foregoing that there exists no conflict between the Sixth and Seventh Circuit Courts. That, in fact, the Courts are in harmony and no reviewable question has thus been raised by petitioner under this heading.

POINT II

A.

THE ACCOUNTING FOLLOWS THE MANDATE OF THIS COURT

The majority opinion written by Mr. Justice Frankfurter, concludes with the following:

> "If the petitioner suffered damages beyond the loss of profits the decree should provide for the assessment of such damages" (316 U. S. 208).

It will be noticed that this language is practically identical to that quoted by us from *Parks v. Booth,* 102 U. S. 96, (See p. 11 this brief, *supra*) yet this Court there declined to award litigation expenses as "damages."

This Court in remanding our case (316 U. S. 203, 208) very properly referred the question of "damages beyond

the loss of profits" to the lower Court which specifically found that:

> "there were no damages suffered by plaintiff from trade-mark infringement or unfair competition beyond the loss of profits specified in Finding 6." (Acct. R. 121.)

The question of the awarding of litigation expenses, attorneys fees and costs was given careful consideration by District Judge Lederle in his findings (Acct. R. 121, Par. 9 and Acct. R. 123, Par. 5, 6 and 7).

Petitioner seems to assume that every red trade-mark is a deliberate infringement of its mark. This, of course, is not the case. In *Mishawaka v. Panther Panco Rubber Company,* 153 F. (2nd) 662 the First Circuit Court of Appeals declined to hold that the red trade-mark on the replacement heels of the defendant company was an infringement of petitioner's red plug registration, saying at page 666:

> "It is an inescapable weakness of plaintiff's mark that the general public will not always associate a red circle with plaintiff's product; it is too familiar with the everyday use of a red circle as a display background. Such association will only result where the red circle is so used as to convey the impression of being the trade-mark itself rather than serving merely as a background for the projection of some word or phrase or design."

Certiorari denied October 14, 1946, (328 U. S. XIV, 67 S. Ct. 64). Petition for re-hearing denied November 12, 1946 (67 S. Ct. 183). Second petition for re-hearing denied June 9, 1947 (67 S. Ct. 1526).

This Court has had occasion to discuss its opinion in *Mishawaka v. S. S. Kresge Company* in the recent case of *Champion Spark Plug Company v. Sanders,* 67 S. Ct.

1136, where Justice Douglas, speaking for the court said at page 1139 (331 U. S. 125, 131):

> "*Mishawaka Rubber & Woolen Mfg. Co. v. S. S. Kresge Co.*, 316 U. S. 203, 62 S. Ct. 1022, 86 L. Ed. 1381, states the rule governing an accounting of profits where a trade mark has been infringed and where there is a basis for finding damage to the plaintiff and profit to the infringer. *But it does not stand for the proposition that an accounting will be ordered merely because there has been an infringement.* Under the Trade Mark Act of 1905, as under its predecessors, an accounting has been denied where an injunction will satisfy the equities of the case. (Citations omitted.) The same is true in case of unfair competition. *Straus v. Notaseme Co.*, 240 U. S. 179, 181-183, 36 S. Ct. 288, 289, 60 L. Ed. 590. Here as we have noted, there has been no showing of fraud or palming off. * * * In view of these various circumstances it seems to us that the injunction will satisfy the equities of the case."

Here, as there, "there has been no showing of fraud or palming off." We believe that the record indicates that both the District Court and the Circuit Court of Appeals attempted to satisfy the equities of our case.

B.

THE ACCOUNTING IS COMPLETE AND FOLLOWS THE FINAL JUDGMENT. IT INCLUDES THE "RED OR REDDISH" INFRINGING HEELS AND EXCLUDES ORANGE, GREEN AND ALL OTHER NON-INFRINGING HEELS

Petitioner in this Court, as in the Circuit Court of Appeals, persists in its effort to claim that the "red or reddish" limitation was intended to include orange. This is not correct. The Court intended to, and did, exclude orange.

On December 5, 1939, petitioner filed its proposed decree (Orig. R. 310). In this decree it proposed an injunction as follows:

> "(b) From selling or offering for sale or aiding, assisting, abetting or encouraging others to sell any footwear or parts thereof or therefor or any goods of a similar class not manufactured and sold by the plaintiff herein and bearing a circular mark of *red or reddish color including orange* or any colorable variation thereof * * *."

Respondent's proposed decree (Orig. R. 322-323) and the District Court's final decree both limited the injunction to "circular marks of red or reddish color" specifically excluding orange.

It will be noticed that the phrase "including orange" which petitioner had included in its proposed decree was deliberately omitted from the District Court's decree (Orig. R. 323).

We respectfully refer this Court to the first petition for certiorari filed by this same petitioner in this Court in the October term of 1941, No. 649. Certiorari as to Point III was denied. (See *Mishawaka Rubber and Woolen Manufacturing Co. v. S. S. Kresge Co.*, 314 U. S. 603, 62

S. Ct. 183.) Since the District Court's decree carefully limiting the injunction to the "Red or reddish circular mark" was affirmed by the Circuit Court of Appeals and certiorari thereon denied, petitioner's request under this heading is simply a belated effort to review again, and enlarge upon, the relief already granted and long since res adjudicata.

C.

BOTH LOWER COURTS FOUND THAT DEFENDANT'S INFRINGEMENT WAS NEITHER DELIBERATELY WILFUL NOR IN BAD FAITH

Under this heading petitioner evidently would like to have this Court review the facts which the two lower courts have found in respondent's favor. We rest our answer to this contention by quoting from the two lower courts. The District Court found (Acct. R. 121):

> "9. Defendant's infringement was neither deliberately wilful nor in bad faith. * * *
>
> 10. There were no damages suffered by plaintiff from trade mark infringement or unfair competition beyond the loss of profits specified in finding 6."

On the first appeal the Circuit Court of Appeals said (119 F. (2nd) 316, 324):

> "There is no finding of fact in the case at bar, and we find no evidence in the record to support the inference that appellee adopted the symbol used on its heels for the fraudulent purpose of attracting to itself business or sales which belonged to appellant and there is no evidence that any such sales occurred. * * * No justification is found in the record for an inference that any one appears to have been deceived by appellee's trade-mark into purchasing its shoe heels and lifts in the belief that he was purchasing the heels produced by appellant."

In the dissenting opinion of Mr. Justice Black in this case previously before this Court on the limited certiorari granted it is said (316 U. S. 203 at page 208):

> "In any event, the economic rivalry, if it existed at all, was so remote and indirect that an injunction alone would seem to have afforded ample relief against the infringement, found by both courts below to have been without fraudulent intent. * * *
>
> If the respondent had wilfully palmed off the heels it sold as products of the petitioner, and if it had been shown that the petitioner suffered any injury, I should agree to a decision resolving doubts about the measure of damages in favor of the petitioner."

This Court has recently indicated that it is the province of the trial court and not the Appellate Courts to make the findings of fact. (See *Walling v. General Industries Co.*, 330 U. S. 545, 550, 67 S. Ct. 883, 885). This case should form no exception to that rule.

D.

THERE WAS NO UNFAIR COMPETITION. PETITIONER IS A WHOLESALER AND RESPONDENT IS A RETAILER. THE DISTRICT COURT SPECIFICALLY FOUND THAT THERE WAS NO PALMING OFF

Under this heading of UNFAIR COMPETITION petitioner persists in its citation of the District Court's original findings filed December 6, 1938 (Short R. 120). As we have previously indicated, these original findings were modified and changed by amended findings (Short R. 124), and additional amended findings (Short R. 126). The finings of the District Court on the Accounting (Acct. R. 118) are entirely consistent with these amened findings (Short R. 124) which again limited the infringement to the "red or reddish" limitation and to the additional

amended findings which found no palming off by respondent and no loss of sales by petitioner.

The District Court found, and the Circuit Court of Appeals affirmed the finding, of the following facts:

> There was no palming off (Short R. 129, Paragraph a).
>
> There was no proof that petitioner lost any sales as a result of respondent's technical infringement. (Short R. 128, Paragraph c.)
>
> There was no indiscriminate mixing by respondent although "subsequently some of these heels became indiscriminately mixed." (Short R. 129.)
>
> Nearly all of the Kresge heels bore marks, symbols, or indicia indicating that its heels were not plaintiff's heels. (Short R. 129, e.)
>
> There was no proof of any purchaser being misled. (Short R. 128 h.)

No amount of argument on the part of petitioner can convert an orange mark into a red or reddish mark, nor create unfair competition where none existed. The findings of the two lower courts are clear and unambiguous. The intent was to restrain the further sale of red or reddish heels exemplified by Exhibits 79 and 54 and to award an accounting as to those only (Acct. R. 19).

POINT III

RESPONDENT DID NOT USE THE INFRINGING RED OR REDDISH HEELS TO PROMOTE THE SALE OF NON-INFRINGING HEELS AND SUCH SALES DID NOT RESULT FROM THE TECHNICAL INFRINGEMENT FOUND

Contrary to petitioner's statement under this heading it is not the law of this case that respondent was guilty of unfair competition in its methods of sale. Petitioner again overlooks the fact that the trial court's original findings were amended.

As indicated in Judge Lederle's opinion (Acct. R. 119) the only unlawful acts of the defendant, S. S. Kresge Company, were its sales of red Crusader and red Sure Foot heels exemplified by plaintiff's Exhibits 79 and 54 respectively (See also colloquy Acct. R. 40-41). This finding by the trial court was affirmed by the Circuit Court of Appeals in its opinion (119 F. (2) 316) where it stated (p. 322):

> "Broadly stated, appellant attacks the decree in two particulars: 1. That the Court should have enjoined the appellee from selling any heels with a disc of different color from the remainder of the heel;"

and again on page 325 where it stated:

> "In our opinion the symbols and lettering descriptive of the articles and bearing the names of appellant and appellee respectively as manufacturers or producers, are entirely unlike in arrangement, general form and appearance insomuch that no one could mistake the lifts and heels of appellee, excluded from the lower court's injunction, for those of appellant."

on page 326:

> "The injunction which was granted was expressly limited to prohibiting the use of any red or reddish circular ball figure, appearing on the face portion of the heel, * * *"

and on page 326:

> "The case of appellant is not very strong on the facts, yet it seems to be entitled to the carefully limited injunction and accounting of profits which was granted."

Thereafter, as we have indicated, Mishawaka petitioned for a writ of certiorari and the Supreme Court of the United States denied its request with respect to an enlargement of the "red or reddish" limitation in the injunctive and accounting relief granted.

We respectfully refer this Court to Judge Lederle's Additional Amended Findings of Fact (a) (c) (d) (e) (h) (Short R. 128-9).

It is evident from the foregoing that Judge Lederle was fully justified in denying to Mishawaka its request that Kresge account for the sale of these non-infringing heels in colors other than red or reddish. Judge Lederle again found in his accounting opinion (Acct. (R. 121, Par. 8):

> "Sales of such other types of heels did not result directly or indirectly from defendant's sale or offering for sale of heels specified in finding 6" (the red or reddish heels exemplified by Exhibits 54 and 79).

As indicated by the trial court's findings and by the Circuit Court's opinion there has yet to be produced one single purchoser who has been misled by Kresge's sale

or offering for sale of the two infringing red or reddish heels (Exhibits 54-79).

The record justified the findings of fact of the District Court which "shall not be set aside unless clearly erroneous." Civil Procedure Rule 52, 28 U. S. C. A. following section 723C; *Walling v. General Industries Company*, 330 U. S. 545, 550; 67 S. Ct. 883, 885; See also *Enterprise Manufacturing Company v. Shakespeare Company*, 141 F. (2nd) 916, 919.

Petitioner's argument under this heading lacks basis in fact.

CONCLUSION

For the foregoing reasons, respondent moves the Court to deny the petition for writ of certiorari.

Respectfully submitted,

S. S. KRESGE COMPANY, Respondent,
By WILLIAM B. GILES,
2533 Barlum Tower,
Detroit 26, Michigan,
Counsel for Respondent.